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February 11, 1960

COCOM Document 3877COORDINATING COMMITTEEMEMORANDUM FROM THE UNITED STATES DELEGATIONONYUGOSLAV TRADE CONTROLS AND DOCUMENTATIONSUBCOMMITTEE ON EXPORT CONTROLS

1. At the conclusion of the discussion on Yugoslav Trade Controls and Documentation in the Subcommittee on Export Controls during the May 19-22, 1959, meeting (paras. 40 to 48 inclusive, COCOM Doc. Sub-C (59) 2), the Subcommittee chairman noted that there still existed some confusion regarding this matter and requested, on behalf of the Subcommittee, that the United States delegation endeavor to obtain a clarification. The following report is submitted for the Committee's information in this connection.

2. Following indications of diversion or re-export to the Soviet bloc late in 1957 of two shipments of US-origin borax intended for Yugoslavia, the United States Embassy in Belgrade began a series of discussions on trade control problems with the Yugoslavs with a view to bringing about more positive safeguards of US shipments of strategic materials to that country. The United States sought to obtain assurances from the Yugoslavs that US goods would not be re-exported contrary to US regulations, and that action would be taken to eliminate the irregularities in the Yugoslav end-use certificate and make it a more meaningful document. The United States sought agreement from Yugoslavia to make available duplicate copies of end-use certificates with a view to reducing the possibility of forgery and also to provide delivery verifications upon request as evidence that the goods were received in Yugoslavia and were made subject to Yugoslav export regulations. The United States also discussed the desirability of closer cooperation by the Yugoslavs with US Embassy personnel in conducting end-use and post-shipment checks.

3. After discussions on the above matters extending over a number of months, the Yugoslav officials informed the US Embassy that they did not believe that duplicate copies of end-use certificates were necessary since they were issued by the Chamber of Foreign Commerce on special water-marked paper which was believed to be difficult to duplicate or alter. They stated that they would stiffen their procedures in the issuance of end-use certificates. However, they were not willing to issue duplicate end-use certificates. The Yugoslavs agreed to use in their end-use certificates prepared in the English language the more precise guarantee against re-export previously used in the German language version. The Yugoslavs stated that they had, however, always exercised equally strict controls regardless of language of the German, French or English versions of this certificate. The certificate, as presently printed, states "This material will be used or consumed in Yugoslavia and will not be re-exported without end-use certificate". After some discussion it was agreed that the words "without end-use certificate" would be deleted and the deletion initialed by the issuing official. In the next reprinting of end-use certificate forms this phrase would be deleted. It was also understood that each application for an end-use certificate would be personally scrutinized by Barbalic, the responsible official in the Chamber of Foreign Commerce, and, where the type of goods is such as to arouse his suspicion, he would question the end-user directly.

4. The Yugoslavs confirmed that there would be no re-exports of US-origin goods without prior approval from the US Department of Commerce.

5. The Yugoslavs have agreed that physical end-use checks will be made by the Chamber of Foreign Commerce when requested.

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6. The Yugoslavs are willing to issue delivery verifications on request on a selective basis. US authorities have taken advantage of the availability of such documents and require delivery verifications for all shipments of IL I items to Yugoslavia and for certain significant shipments of a non-IL I character. The U. S. also plans to have physical end-use checks made on a highly selective basis, when the shipment is significant by virtue of either the quantity, value or strategic importance.

7. There have been no known diversions of US shipments from Yugoslavia since the Yugoslav procedures were revised last summer as described above. One instance had been reported of an apparent forgery of an end-use certificate for 10,000 tons of Turkish boracite, and the Yugoslavs indicated to a Turkish representative that they were referring this case to the International Police in Paris.

8. United States authorities have not had sufficient experience under the new procedures to conclude whether the Yugoslav documents and procedures provide the desired security. The US authorities, however, consider it important to request the available Yugoslav documents as a prerequisite in the licensing of strategic commodities to that country. In addition to the prescribed documents, United States authorities base favorable action on a careful scrutiny of each license application to assure that there is no question concerning the integrity and reliability of the consignee and that the quantities of goods to be exported are considered to be reasonable for the known or estimated needs of the Yugoslav economy. This practice serves to identify cases which are questionable from the standpoint of consignee and/or of quantity and which call for inquiry to the Yugoslav Government via the US Embassy. In this manner the legitimacy of suspect transactions can be fully verified or the suspicions further substantiated.

9. The name and address of the office in the Yugoslav Government authorized to issue end-use certificates and delivery verification certificates is the Yugoslav Federal Chamber of Foreign Commerce, Mose Pijade 12, Belgrade, Yugoslavia. The names of the officials, only five, authorized by the Yugoslav Government to certify these documents are the following:

Ivo Barbalic, Secretary General of the Chamber of Foreign Commerce;
Milcerad Konjevic, Secretary of the Chamber of Foreign Commerce;
Milan Aleksic, Secretary of the Chamber of Foreign Commerce;
Svetomir Tomic, Secretary of the Chamber of Foreign Commerce;
Dusan Maric, General Clerk of the Chamber of Foreign Commerce.

Facsimile signatures of the above Yugoslav officials have been deposited in the COCOM Secretariat.

10. A set of sample copies of Yugoslav end-use certificates in English, French and German (the three languages used by the Yugoslavs on end-use certificates) have been deposited in the COCOM Secretariat. The delivery verification certificate, as described by the Chamber of Foreign Commerce is simply a letter set up on Chamber stationery which carries a duty stamp. The form of the letter, according to the Chamber, is generally the following:

"Based on Documents submitted by (name of enterprise) regarding (commodity identification and value) we are satisfied that the above (commodity) were received by..."

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